

## Message

**From:** Bill Waid [BillWaid@fico.com]  
**Sent:** 3/27/2016 6:11:48 PM  
**To:** Harlam, William [Bill.Harlam@chubb.com]  
**Subject:** FW: New Chubb and FICO Dispute re Blaze Software License - Confidential Settlement Proposal Subject to FRCP Rule 408  
**Attachments:** Chubb LTD License Expansion Amendment 03-23-16 V5.doc

Bill,

In advance of us connecting tomorrow morning, I thought I would drop this note to outline the context and intent of the requested call.

I was both surprised and concerned to have received a counter offer from Tamra on Friday. It suggested that Chubb does not fully understand the resolve and position regarding the breach of contract and pathway to resolution. To outline:

- FICO and Chubb have been in good faith negotiations over the past 2 months to arrive at a business resolution
- At Chubb's request we have explored multiple pricing configurations and considerations, making several significant compromises along the way
- Not disclosed during those discussions was the existence of two additional international deployments – for which there is direct and local support cases logged
- Given the nature of those support logs and this late disclosure, FICO is taking the position that a global ELA is the only option for license resolution
- FICO's proposal includes Model Translator, a product which will realize significant expense savings for Chubb, at no incremental cost
- Based on those two months dialog, FICO has adjusted our terms and arrived at our best and final offer for a business resolution, which expires close of business March 30th, 2016

My sole intent is to ensure that all executives assuming the risk and exposure of this situation are properly informed and understand that FICO is not taking a negotiation position here. We have worked with you in good faith to arrive at what FICO considers a fair and reasonable set of terms for business resolution of both the current and future value FICO software brings Chubb. Given the facts of the situation, if we can not resolve this with an executed agreement by close of business Wednesday March 30th, 2016, as outlined in the below email to your counsel, this matter will be removed from my hands and FICO will pursue all legal remedies.

Bill, I am compelled to point out that in such an unfortunate event FICO will not only pursue full software renumeration, it will seek damages for willful violation of twenty some patents held for the Blaze Advisor software product. This is not the desired outcome, as we have had a strong business relationship for close to a decade and are puzzled why Chubb would not seek to resolve the matter with the aggressive business terms currently on the table. To reiterate, the proposed terms are the best and final terms offered by FICO.

If you have questions on this I am happy to address them during a call tomorrow morning and suggest we arrange a call with your CIO and another call between our respective General Counsels to do the same. Beyond clarifying any questions you might have, should you wish to accept FICO's offer, we should discuss steps to concluding an agreement execution.



Regards,  
Bill

**From:** Tom Carretta

**Sent:** Wednesday, March 23, 2016 1:02 PM

**To:** [andrew.hopp@chubb.com](mailto:andrew.hopp@chubb.com)

**Subject:** New Chubb and FICO Dispute re Blaze Software License - Confidential Settlement Proposal Subject to FRCP Rule 408

Hello Andrew.

As you are likely aware, the respective business teams have been working together on various proposals to resolve the dispute regarding breach of the license agreement between the Chubb & Sons division of Federal Insurance Company under "Old Chubb" as a result of the violation of the anti-assignment provision in Section 10 of the Agreement. Additionally, we have become aware of two UK installations of the subject software, which is outside the scope of the Agreement. Lastly, we have now become apprised of a probable third installation of the subject Blaze software in Canada, which is again outside the scope of the license Agreement. The settlement proposals thus made do not include this third concern, save the enterprise proposal.

The proper license by Chubb & Sons is limited to installation in the United States and only for Chubb & Sons and its enterprise applications within the United States, where enterprise means Chubb & Sons controlled affiliates. These applications include several core processing applications that rely on Blaze to effectuate business on Chubb & Sons behalf.

That said, FICO has extended the settlement negotiation period longer than expected and FICO is now advising that we are concluding the extension of the cure period at end of business on March 30, 2016. In the hope that we can conclude a business based settlement, I am enclosing an updated Amendment designed to encompass an enterprise license to cure all defects and enable New Chubb to operate across all geographies (save those barred by law such as Iran and Syria). Please let me know the direction of New Chubb and if you will be providing redlines and by when. Short of a business solution, FICO will pursue all of its legal remedies.

Thank you.

Tom Carretta

Vice President Legal and Associate General Counsel

**FICO**

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